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RUEKJCS/SECDEF WASHDC  
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SUBJECT: FIRST BRIC SUMMIT OFFERS NO CONCRETE RESULTS

REF: Yekaterinburg 36

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¶1. (SBU) Summary: Though labeled a resounding success by Russian President Medvedev, the first formal BRIC summit offered few concrete results. While downplaying the future role of the group, Russian MFA officials stressed that BRIC was a consultative forum that aims to address pressing global problems. MFA officials also stated that Russia was pleased with BRIC's existing structure and that there were currently no plans to institutionalize the group. Experts, meanwhile, are skeptical of BRIC's potential, noting that the divergent interests of the member states may hinder BRIC's effectiveness and development beyond a loose political grouping. End Summary.

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A First for BRIC  
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¶2. (SBU) Russian President Medvedev, Chinese President Hu Jintao, Brazilian President Luis Inacio Lula da Silva, and Indian Prime Minister Manmohan Singh met June 16 in Yekaterinburg for the first formal BRIC summit. Prior to the summit, Medvedev said that he wanted to discuss "traditional" international security issues alongside economic issues, but the talks were dominated by economic, food, and energy security issues.

¶3. (SBU) President Medvedev indicated in a June 16 news conference following the summit that the discussion centered on how to encourage fairer decision-making in the international arena or, in other words, how to build a "just world order." Medvedev said that the summit met expectations and was a historic event of "exceptional significance." Following the summit, the four leaders released a joint statement that called for a more multi-polar world. The statement emphasized the need for reform in the international financial arena and for cooperation and coordination to encourage energy security.

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Down with the Dollar?  
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¶4. (SBU) President Medvedev publicly raised the eventual possibility of a supranational currency to replace the U.S. dollar as the main global currency at the June 15-16 Shanghai Cooperation Organization

meeting, but refrained from doing so at the BRIC summit (ref). The joint statement that resulted from the summit, however, emphasized the international community's need for a more diverse monetary system. Although the details of such a currency remain undecided, according to the statement the objective would be to decrease the global economy's reliance on the U.S. dollar and expand the voice of emerging economies in the international financial organizations.

15. (SBU) Although several Russian officials have repeatedly mentioned the idea of a supranational currency in public, privately our interlocutors, as well as experts, have expressed skepticism that this idea will go forward. They view the discussion surrounding a supranational currency as an indication of the profound loss of faith in a single dominant currency, which resulted from the global financial crisis.

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No Agreement on BRIC's Significance  
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16. (SBU) Experts have emphasized that the BRIC member states have very little in common, and, as a result, it is premature to claim that they will be able to find answers to today's global problems. Gennadiy Chufirin of the Institute of World Economy and International Relations (IMEMO) called BRIC a mere "propaganda balloon" at this stage. Commentators were hard pressed to find commonalities among the member states in terms of culture, economic structure, or paths to development. Nezavisimaya Gazeta described BRIC as "a mere outline of a new international club" and urged that its significance should not be overestimated.

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MFA Downplays Role of BRIC  
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17. (SBU) Despite the more heightened attention to BRIC as a result of the June 16 summit, MFA officials stressed that the United

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Nations is the central global consultative forum and that the G-20 has been the main crisis response center to the global economic crisis. The MFA hopes that BRIC will become a stronger, unified voice within the U.N. and G-20. Comparing BRIC to regional organizations such as the CSTO, APEC, and SADC, they stated that BRIC is one forum, of many, for addressing the global economic crisis.

18. (SBU) According to MFA officials, there are no plans to institutionalize BRIC or alter the current structure of the group. They underline that BRIC currently is only a consultative mechanism without a formal structure, and that further institutionalization of the group will be determined by the need for and the ability of BRIC to address pressing global issues such as climate change, humanitarian crises, international security issues, and the economic crisis.

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Comment  
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19. (SBU) Despite concerns about inflationary pressures on the dollar, Russia is unlikely to advance its cause among BRIC states for an alternative to the U.S. dollar as the main global currency. While BRIC countries will have to work to find common ground, the recent summit may serve as a starting point for more foreign and economic policy coordination between the four states. Though labeled a resounding success by Medvedev, the first formal BRIC summit offered mostly words and few concrete results.

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